

# Compliance Assessment Sampling Plan – Classification

CAT KIT Exhibit 3

Attribute, Test, Errors, & Criteria for Testing	Sampling Parameters	Universe	Potential Sampling Frame(s)	Evaluation of Compliance Testing & Actions Needed
<p><b>Attribute:</b> Was entered merchandise classified in accordance with 19 CFR Part 152 Subpart B and the tariff code (HTSUS) found in 19 U.S.C. 1202, as interpreted by administrative and judicial rulings?</p> <p><b>Test (Primary Audit Steps):</b></p> <ol style="list-style-type: none"> <li>Obtain the specifications, part numbers, or other applicable descriptions, lab reports and binding rulings from the company for each selected article. Provide this information and the entry containing the article to the import specialist for a review of classification including: <ul style="list-style-type: none"> <li>Quota</li> <li>Anti-dumping and Countervailing Duties</li> <li>Admissibility requirements</li> <li>Other classification issues.</li> </ul> </li> <li>Determine if the company's internal control policies and procedures for classification were <ul style="list-style-type: none"> <li>Documented, and</li> <li>Produced accurate classifications.</li> </ul> </li> </ol> <p><b>Errors:</b></p> <ul style="list-style-type: none"> <li>Merchandise was not classified in accordance with the Harmonized Tariff Schedule of the United States (HTSUS) as interpreted by administrative and judicial rulings (verification to the 10<sup>th</sup> digit).</li> <li>The importer is unable to provide adequate support or information for determining the appropriate classification.</li> </ul> <p><b>Criteria for Testing (Statistical Sample or 100% Review):</b> This is a common check trade area that must be performed for every compliance assessment.</p>	<p><b>Approach:</b> attribute estimation sampling using the average error rate (point estimate) for evaluating compliance</p> <p><b>Confidence Level:</b> 95%</p> <p><b>Sampling Error (Precision):</b> ±5% (10% range)</p> <p><b>Anticipated Error Rate:</b> 5%</p>	<p>Classifications of merchandise on entries made during the importer's last completed fiscal year</p>	<p><b>Customs' Records:</b> Entries ACS Line Items</p> <p><b>Importer's Records:</b> Payments Payables Invoices Receiving Data Inventory of Articles Purchase Orders Shipping Log Acctg. Transactions Etc.</p> <p><b>Sampling Frame:</b> _____</p> <p><b>Validated Sample:</b>   <input type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p><b>Frame Size:</b> _____</p> <p><b>Sample Size:</b> _____</p>	<p><b>LOL Compliance Rate:</b> ____ %</p> <p><b>Systemic and/or Recurring Errors?</b></p> <ul style="list-style-type: none"> <li>If systemic, recommend importer correct cause of error(s).</li> <li>If recurring, project the effect and recommend collection of unpaid duties and fees.</li> <li>If non-recurring, recommend collection of duties and fees on identified errors, if applicable.</li> </ul> <p><b>LOL Error Rate ≤ 5%</b></p> <ul style="list-style-type: none"> <li>If internal controls were documented, compliance is at an acceptable level for classification.</li> <li>If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP.</li> </ul> <p><b>LOL Error Rate &gt; 5%</b> <b>Apply materiality criteria.</b> (CAT Kit Exhibit 32) <b>Materiality Compliance Rate:</b> _____ %</p> <p><b>Either Materiality Compliance Rate (step 1 or step 2) is acceptable</b></p> <ul style="list-style-type: none"> <li>If internal controls were documented, compliance is at an acceptable level for classification.</li> <li>If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP.</li> </ul> <p><b>Materiality Compliance Rate is unacceptable</b></p> <ul style="list-style-type: none"> <li>If materiality error rate is not acceptable, importer compliance for classification is not acceptable. Coordinate with the Account Manager to help company develop a CIP.</li> </ul> <p><b>Prepare results sheet and refer to the Enforcement Evaluation Team (EET) if findings meet the EET impact level for referral.</b></p>